

House File 2355

H-8233

1 Amend the amendment, H-8225, to House File 2355, as follows:

2 1. By striking page 1, line 1, through page 5, line 29, and  
3 inserting:

4 <Amend House File 2355 as follows:

5 1. By striking everything after the enacting clause and  
6 inserting:

7 <DIVISION I

8 ECONOMIC DEVELOPMENT LEGISLATIVE FINDINGS

9 Section 1. Section 96.2, Code 2022, is amended to read as  
10 follows:

11 **96.2 Guide for interpretation.**

12 1. As a guide to the interpretation and application of  
13 this chapter, the public policy of this state is declared to  
14 be as follows: Economic insecurity due to unemployment is  
15 a serious menace to the health, morals, and welfare of the  
16 people of this state. Involuntary unemployment is therefore  
17 a subject of general interest and concern which requires  
18 appropriate action by the legislature to prevent its spread  
19 and to lighten its burden which now so often falls with  
20 crushing force upon the unemployed worker and the worker's  
21 family. The achievement of social security requires protection  
22 against this greatest hazard of our economic life. This can  
23 be provided by encouraging employers to provide more stable  
24 employment and by the systematic accumulation of funds during  
25 periods of employment to provide benefits for periods of  
26 unemployment, thus maintaining purchasing power and limiting  
27 the serious social consequences of poor relief assistance.  
28 The legislature, therefore, declares that in its considered  
29 judgment the public good and the general welfare of the  
30 citizens of this state require the enactment of this measure,  
31 under the police powers of the state, for the compulsory  
32 setting aside of unemployment reserves to be used for the  
33 benefit of persons unemployed through no fault of their own.

34 2. It is the finding of the legislature that true economic  
35 development can only be achieved when workers are given the

1 respect they deserve. Economic development must include all  
2 residents of this state, including men and women, people of all  
3 gender identities, minorities, and immigrants. The legislature  
4 further finds that economic development should include but not  
5 be limited to residents of this state being paid a living wage,  
6 this state being a welcoming place for immigrants, child care  
7 and housing being readily affordable and available, and public  
8 workers having collective bargaining rights.

9 DIVISION II

10 IOWA HOUSING TAX CREDIT PROGRAM

11 Sec. 2. NEW SECTION. 16.37A Definitions.

12 For purposes of this section and sections 16.37B through  
13 16.37G, unless the context otherwise requires:

14 1. "*Compliance period*" means the period of fifteen years  
15 beginning with the first taxable year of the credit period.

16 2. "*Credit period*" means the period of ten tax years  
17 beginning with the tax year in which a qualified development  
18 is placed in service and the Iowa housing tax credit may be  
19 claimed. If a qualified development consists of more than  
20 one building, the qualified development is placed in service  
21 in the tax year in which the last building of the qualified  
22 development is placed in service.

23 3. "*Department*" means the Iowa department of revenue.

24 4. "*Qualified allocation plan*" means the qualified  
25 allocation plan adopted by the authority pursuant to section  
26 42(m) of the Internal Revenue Code.

27 5. "*Qualified basis*" means the qualified basis determined  
28 under section 42(c)(1) of the Internal Revenue Code.

29 6. "*Qualified development*" means a qualified low-income  
30 housing project under section 42(g) of the Internal Revenue  
31 Code that is financed with tax-exempt bonds, pursuant to  
32 section 42(i)(2) of the Internal Revenue Code, and located in  
33 this state.

34 7. "*Taxpayer*" means an individual, a person, firm,  
35 corporation, or other entity that owns an interest, direct

1 or indirect, in a qualified development and who claims a tax  
2 credit under section 16.37C.

3     Sec. 3. NEW SECTION.   **16.37B Application — review —**  
4 **authorization.**

5     1. The authority shall develop a system for the application,  
6 review, and authorization of Iowa housing tax credits awarded  
7 pursuant to this part and shall control the issuance of all tax  
8 credit certificates to taxpayers pursuant to this part.

9     2. Applications for Iowa housing tax credits shall be  
10 accepted during an application period established by the  
11 authority.

12     3. The authority may authorize the tax credit if all of the  
13 following conditions are satisfied:

14     *a.* The tax credit certificate is issued to a taxpayer who  
15 has an ownership interest in the qualified development.

16     *b.* The tax credit amount is allocated pursuant to a  
17 qualified allocation plan.

18     *c.* The tax credit is necessary for the financial feasibility  
19 of the qualified development.

20     *d.* The amount of the tax credit allocated to an owner  
21 does not exceed thirty percent of the qualified basis of the  
22 qualified development.

23     *e.* The qualified development is the subject of a recorded  
24 restrictive covenant requiring that, for the compliance period  
25 or for a longer period agreed to by the authority and the  
26 owner of the qualified development, the development shall be  
27 maintained and operated as a qualified development and shall be  
28 in compliance with Tit. VIII of the federal Civil Rights Act of  
29 1968, as amended.

30     4. Upon review of an application, the authority may approve  
31 the qualified development for the tax credit program provided  
32 in section 16.37C, and issue a tax credit certificate stating  
33 the amount of the tax credit the authority determines the  
34 taxpayer is eligible to claim for each year of the credit  
35 period.

1 5. Unless otherwise provided in this section or the context  
2 clearly requires otherwise, the authority shall determine  
3 eligibility for a credit and allocate credits in accordance  
4 with the standards and requirements set forth in section 42 of  
5 the Internal Revenue Code.

6 6. An applicant that is unsuccessful in receiving a tax  
7 credit award during an application period may make additional  
8 applications during subsequent application periods. Such  
9 applicants shall be required to submit a new application which  
10 shall be reviewed in the same manner as other applications in  
11 that application period.

12 Sec. 4. NEW SECTION. 16.37C Iowa housing tax credits —  
13 limits.

14 1. An Iowa housing tax credit shall be allowed against  
15 the taxes imposed in chapter 422, subchapters II, III, and V,  
16 and in chapter 432, and against the moneys and credits tax  
17 imposed in section 533.329, in the amount determined by the  
18 authority pursuant to this part. Any tax credit in excess of  
19 the taxpayer's liability for the tax year is not refundable but  
20 may be credited to the tax liability for the following five  
21 years or until depleted, whichever is earlier.

22 2. An individual may claim a tax credit under this section  
23 of a partnership, limited liability company, S corporation,  
24 estate, or trust electing to have income taxed directly to  
25 the individual. The amount claimed by the individual shall  
26 be based upon the pro rata share of the individual's earnings  
27 from the partnership, limited liability company, S corporation,  
28 estate, or trust.

29 3. In any calendar year, the aggregate amount of all tax  
30 credits allocated by the authority shall not exceed fifteen  
31 million dollars, plus the sum of the following amounts:

32 a. The total of all unallocated tax credits, if any, for the  
33 preceding calendar years.

34 b. The total amount of all previously allocated tax credits  
35 that have been recaptured, revoked, canceled, or otherwise

1 recovered by the authority.

2 4. a. To claim a tax credit under this section, a taxpayer  
3 shall include one or more tax credit certificates issued by the  
4 authority with the taxpayer's tax return.

5 b. The tax credit certificate shall contain the taxpayer's  
6 name, address, tax identification number, the amount of the  
7 credit including the amount the authority determines the  
8 taxpayer is eligible to claim for each year of the credit  
9 period, the name of the qualified development, any other  
10 information required by the department of revenue, and a place  
11 for the name and tax identification number of a transferee and  
12 the amount of the tax credit being transferred.

13 c. Tax credit certificates issued under this section may  
14 be transferred to any person or entity. Within ninety days  
15 of transfer, the transferee shall submit the transferred tax  
16 credit certificate to the authority along with a statement  
17 containing the transferee's name, tax identification number,  
18 and address, the denomination that each replacement tax credit  
19 certificate is to carry, and any other information required by  
20 the department of revenue.

21 d. Within thirty days of receiving the transferred tax  
22 credit certificate and the transferee's statement, the  
23 authority shall issue one or more replacement tax credit  
24 certificates to the transferee. Each replacement tax credit  
25 certificate must contain the information required for the  
26 original tax credit certificate and must have the same  
27 expiration date that appeared in the transferred tax credit  
28 certificate. Tax credit certificate amounts of less than the  
29 minimum amount established by rule of the authority shall not  
30 be transferable.

31 e. A tax credit shall not be claimed by a transferee  
32 under this section until a replacement tax credit certificate  
33 identifying the transferee as the proper holder has been  
34 issued. The transferee may use the amount of the tax credit  
35 transferred against the taxes imposed in chapter 422,

1 subchapters II, III, and V, and in chapter 432, and against the  
2 moneys and credits tax imposed in section 533.329, for any tax  
3 year the original transferor could have claimed the tax credit.  
4 Any consideration received for the transfer of the tax credit  
5 shall not be included as income under chapter 422, subchapters  
6 II, III, and V. Any consideration paid for the transfer of the  
7 tax credit shall not be deducted from income under chapter 422,  
8 subchapters II, III, and V.

9       **Sec. 5. NEW SECTION. 16.37D Recapture.**

10       1. As of the last day of any tax year during the compliance  
11 period, if the amount of the qualified basis of a qualified  
12 development owned by a taxpayer claiming the credit is less  
13 than the amount of the qualified basis as of the last day of the  
14 immediately preceding tax year, the amount of the taxpayer's  
15 liability under chapter 422, subchapter II, III, or V, chapter  
16 432, or section 533.329, as applicable, shall be increased by  
17 the recapture amount determined using the method under section  
18 42(j) of the Internal Revenue Code.

19       2. If a recapture event occurs, the taxpayer shall include  
20 the recaptured proportion of the credit on the return submitted  
21 for the tax year in which the recapture event is identified.

22       **Sec. 6. NEW SECTION. 16.37E Compliance monitoring.**

23       The authority shall monitor and oversee compliance with  
24 sections 16.37A through 16.37D and shall report specific  
25 occurrences of noncompliance to the department.

26       **Sec. 7. NEW SECTION. 16.37F Report to the general assembly.**

27       On or before January 31 of each year, the authority shall  
28 submit to the general assembly a report that includes all of  
29 the following:

30       1. A statement of the number of qualified developments for  
31 which the authority issued tax certificates the prior year.

32       2. A description of each qualified development for which the  
33 authority issued a tax certificate the prior year, including  
34 the geographic location of the development, the household type  
35 and any specific demographic information available concerning

1 the residents intended to be served by the development,  
2 the income levels of residents intended to be served by the  
3 development, and the rents or set-asides authorized for each  
4 development.

5 **Sec. 8. NEW SECTION. 16.37G Rules.**

6 The authority and the department shall adopt rules pursuant  
7 to chapter 17A as necessary for the implementation and  
8 administration of this part.

9 **Sec. 9. NEW SECTION. 422.10C Iowa housing tax credit.**

10 The taxes imposed under this subchapter, less the credits  
11 allowed under section 422.12, shall be reduced by an Iowa  
12 housing tax credit allowed under section 16.37C.

13 **Sec. 10.** Section 422.33, Code 2022, is amended by adding the  
14 following new subsection:

15 **NEW SUBSECTION. 17.** The taxes imposed under this subchapter  
16 shall be reduced by an Iowa housing tax credit as allowed under  
17 section 16.37C.

18 **Sec. 11.** Section 422.60, Code 2022, is amended by adding the  
19 following new subsection:

20 **NEW SUBSECTION. 15.** The taxes imposed under this subchapter  
21 shall be reduced by an Iowa housing tax credit as allowed under  
22 section 16.37C.

23 **Sec. 12. NEW SECTION. 432.120 Iowa housing tax credit.**

24 The taxes imposed under this chapter shall be reduced by an  
25 Iowa housing tax credit allowed under section 16.37C.

26 **Sec. 13.** Section 533.329, subsection 2, Code 2022, is  
27 amended by adding the following new paragraph:

28 **NEW PARAGRAPH. m.** The moneys and credits tax imposed under  
29 this section shall be reduced by an Iowa housing tax credit  
30 allowed under section 16.37C.

31 **Sec. 14. CODE EDITOR DIRECTIVE.** The Code editor shall  
32 designate sections 16.37A through 16.37G, as enacted by  
33 this division of this Act, as a new part within chapter 16,  
34 subchapter VII, and may redesignate the new and preexisting  
35 parts, replace references to sections 16.37A through 16.37G

1 with references to the new part, and correct internal  
2 references as necessary, including references in subchapter or  
3 part headnotes.

4 Sec. 15. EFFECTIVE DATE. This division of this Act takes  
5 effect January 1, 2023.

6 Sec. 16. APPLICABILITY. This division of this Act applies  
7 to tax years beginning on or after January 1, 2023.

8 DIVISION III

9 FIRST-TIME HOMEBUYER SAVINGS ACCOUNTS

10 Sec. 17. Section 422.7, subsection 41, paragraph a,  
11 subparagraph (1), subparagraph division (a), subparagraph  
12 subdivisions (i) and (ii), Code 2022, are amended to read as  
13 follows:

14 (i) For married taxpayers who file a joint return and  
15 maintain a joint first-time homebuyer savings account, ~~four~~ ten  
16 thousand dollars.

17 (ii) For any other account holder, ~~two~~ five thousand  
18 dollars.>

19 2. Title page, by striking line 1 and inserting <An Act  
20 relating to economic development matters, including legislative  
21 findings, housing tax credits, and first-time homebuyer tax  
22 incentives, and including effective date and applicability  
23 provisions.>>

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